



OFFICE OF PUBLIC INSTRUCTION

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Denise Juneau
Superintendent

To: District Clerks/Business Managers, District Superintendents
From: Adam Anfinson, Financial Specialist
School Finance Division
Date: June 9, 2009
Subject: Announcing the application period for Qualified School Construction Bonds (QSCBs)

The American Recovery and Reinvestment Act (ARRA) of 2009 recently made a new type of tax-credit bond, called Qualified School Construction Bonds (QSCBs), available for the first time. QSCBs are bonds the Federal Government subsidizes by allowing bondholders to receive tax credits that are approximately equal to the interest that would typically be paid to the holder of taxable bonds. As a result, issuers are generally responsible for repayment of the principal only. A letter from the Department of Education regarding this program can be read at <http://www.ed.gov/policy/gen/guid/secletter/090529.html>.

For a QSCB that is issued by a local government where a public school is located, 100 percent of available project proceeds must be used for the construction, rehabilitation, or repair of the public school facility. In addition, a portion of the proceeds of such a bond may be used for the acquisition of land on which a public school facility is to be constructed.

The Montana Office of Public Instruction (OPI) has \$31,623,000 in 2009 QSCB authority to allocate to Montana school districts. Please note that an approved QSCB request does not result in any payment from the OPI to an applicant school district. An approved allocation request allows a school district to designate a future bond issuance as a QSCB, which allows the school district to benefit from the reduced interest costs.

The application period for QSCBs is now open. Completed applications must be received by the OPI by August 1, 2009 in order to be considered. Districts will be informed of any approved allocation requests by August 17, 2009.

One of the goals of the American Recovery and Reinvestment Act of 2009 is to stimulate the economy, and as a result, QSCB authority will be allocated to school districts that will be able to quickly utilize the program. The OPI has selected criteria that we believe are most likely to result in the successful sale of QSCBs. Priority for application approval will be applied in the order shown below.

1. District has available debt capacity to support requested QSCB allocation request

"It is the mission of the Office of Public Instruction to improve teaching and learning through communication, collaboration, advocacy, and accountability to those we serve."

2. District has received voter approval to issue bonds
3. District intends to issue without the need for voter approval (indicate on application)
4. District has an election scheduled before December 31, 2009

2009 QSCB authority must be issued before December 31, 2010, or the allocation expires and cannot be used. Due to the short timeframe, any district receiving an allocation must inform the OPI by December 20, 2009 of their anticipated bond issuance date. The OPI reserves the right to reallocate any district's QSCB authority, if the district cannot demonstrate that it is progressing with the project. The QSCB program is new, and the demand is unknown. The OPI may need to allocate less bond authority than initially requested by the district.

The application is enclosed with this letter. If interested, please complete the application and submit to the OPI by August 1, 2009. Please read the application carefully to take note of specific requirements of the program, as well as limitations on the amount of authority your district is able to request.

If you have any questions regarding this program, please contact me at (406)-444-4524, or by e-mail at aanfinson@mt.gov.



Denise Juneau, Superintendent
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QUALIFIED SCHOOL CONSTRUCTION BOND PROGRAM ALLOCATION REQUEST APPLICATION

Completed applications must be received by the Montana Office of Public Instruction by August 1, 2009 in order to be considered. Districts will be informed of any approved Qualified School Construction Bond (QSCB) allocation requests by August 17, 2009.

District Name	Contact Person
Address	Title
City State ZIP	Telephone
Date of Submission	E-Mail
Date the district received voter approval to issue bonds?	If election not yet held, when is the anticipated election date?
Financial Advisor Firm and Contact Person	Bond Counsel Firm and Contact Person

PROGRAM CONSIDERATIONS

It is the sole responsibility of the above named applicant to ensure that all regulations regarding QSCBs are followed.

The applicant, bidders, and contractors must follow the prevailing wage requirements of the Federal Davis-Bacon Act.

QSCB bond revenue and expenditures must be tracked and reported as required by the American Recovery and Reinvestment Act (ARRA).

AMOUNT OF AUTHORIZATION REQUESTED

\$500,000 MINIMUM, \$10 MILLION MAXIMUM

- 100 percent of the available project proceeds must be used for construction, rehabilitation, or repair of a public school facility or for land acquisition for the public school facility.
- Ten percent of the available project proceeds must be spent within six months after issuance of the bonds, and 100 percent of the proceeds must be spent within three years of issuance.

\$ _____
Amount of QSCB Request

\$ _____
Amount of Remaining Debt Capacity

ASSURANCES

I certify that this project will be administered in compliance with the criteria contained in this application, with state and federal laws and regulations applicable to the use of any QSCB proceeds. I certify that the information in this application is accurate and complete to the best of my knowledge, and that the Governing Board of the above named applicant has authorized me to sign this application on its behalf.

Signature
Designated Contact Person

Signature
Superintendent
Principal (if there is no Superintendent)
County Superintendent (if no Superintendent or Principal)

Mail Application To:

Adam Anfinson
Financial Specialist
Montana Office of Public Instruction
PO Box 202501
Helena, MT 59620-2501

Contact Information:

Telephone: (406) 444-4524
E-mail: aanfinson@mt.gov
Fax: (406) 444-0509

Montana Office of Public Instruction Use Only

Request for allocation of Qualified School Construction Bonds approved this _____ day of _____, 20____, in the amount of \$_____.

Request approved by _____.